



One Hundred First Legislature - First Session - 2009
Introducer's Statement of Intent
LB 615

Chairperson: Abbie Cornett
Committee: Revenue
Date of Hearing: March 19, 2009

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 615 has three elements: creation of the County and Municipal Infrastructure Redevelopment Fund Act, expansion of county authority to create community building districts and adoption of the Family Entertainment and Sports Attraction Act.

Infrastructure

This portion of LB 615 would revise and rename the Municipal Infrastructure Redevelopment Fund Act to become the County and Municipal Infrastructure Redevelopment Fund Act.

The "MIRF" Act was adopted in 1989 to assist cities with funding infrastructure projects with an allocation from the state cigarette tax. Funding under the original MIRF Act was eliminated, except for the City of Lincoln, in 2003, and the remaining funding for Lincoln expires July 1, 2009.

LB 616 would reinstate funding for local infrastructure projects from the cigarette tax, and also expand the fund to include counties. According, the Act would be renamed the "County and Municipal Infrastructure Redevelopment Fund Act" and the provisions would be changed in order to accommodate the expansion to include counties.

Nebraska Revised Statutes 77-2602 would be amended to provide for an allocation from the cigarette tax of \$2.5 million per year to be distributed in accordance with the revised Act.

Community Building Districts

This part of LB 615 would expand the authority of counties to create "community building districts" in order to finance the construction of county facilities for "community, social and athletic" purposes.

Since 1977, counties have been permitted to create community building districts for the purpose of financing such facilities. LB 615 would expand that authority, particularly with respect to

counties defined as “substantially urbanized” – so as to permit the development of county facilities in unincorporated areas.

The new provisions would permit the creation of a community building district in a substantially urbanized county in a manner similar to the formation of sanitary and improvement districts (SIDs). The new district would have the authority to construct county facilities for community, social and athletic purposes, and would also have the authority, with the consent of the county board, to impose a local option sales tax of up to 1.5 percent on taxable sales within the district.

The community building district would be permitted to issue bonds to finance facilities, following a process similar to that used by SIDs. The community building district could repay such bonds with funds from the local option sales tax, the minimal available levy for community building districts, and, upon the consent of the county board, from the increase of taxable valuation available to the county’s general fund levy on property within the district, as compared to the year prior to the formation of the district.

Family Entertainment and Sports Attractions

This part of LB 615 would adopt the Family Entertainment and Sports Attraction Act, which would permit the formation of Family Entertainment and Sports Attraction Districts in the State (FED Districts).

Local political subdivisions could apply to a State board, created for the purpose (identical in makeup to the boards created under the Convention Center Facility Financing Assistance Act), for an area to be designated as a FED District. To qualify as such, the FED District must encompass facilities that will either (1) “attract or retain a spectator sports franchise or event” that is reasonably expected to draw over 100,000 spectators per year, or (2) “permit substantial facilities upgrades” for an intercollegiate athletic team that is reasonably expected to draw over 100,000 spectators per year. In each case, the facilities must result in a “long-term occupancy agreement” of 20 years or more.

In the event that the area is designated as an FED District, then, if the area is not already within an area in which a local option sales tax is imposed, the local political subdivision may impose such a local option sales tax up to 1.5 percent, and the state would agree to “turnback” the local political subdivision up to 75 percent of the state sales tax collected within the District.

Bonds would be authorized, which could be repaid with the sales tax revenues resulting from status as an FED District, as well as other sources.

Principal Introducer:

Senator Abbie Cornett